

GAO

Report to the Chairman, Subcommittee
on Transportation and Related Agencies,
Committee on Appropriations, U.S.
Senate

April 1993

COAST GUARD

Acquisition Program Staff Were Funded Improperly



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Resources, Community, and
Economic Development Division

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April 27, 1993

The Honorable Frank Lautenberg
Chairman, Subcommittee on Transportation
and Related Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

In its fiscal year 1992 appropriations act, the Coast Guard received \$34 million to fund no more than 621 full-time-equivalent staff positions to support activities under its Acquisition, Construction, and Improvements (AC&I) account. This account generally funds major acquisitions, such as shore facilities, vessels, and aircraft. The Coast Guard also received funding through its general Operating Expenses (OE) account to pay for staff and activities not funded through specific accounts. This report responds to your request that we determine whether the Coast Guard properly funded its AC&I-related staff during fiscal year 1992.

Results in Brief

During fiscal year 1992, the Coast Guard improperly used its general OE appropriation to support staff performing activities related to AC&I projects. Using data provided by the Coast Guard on the funding and staffing of its AC&I activities, we estimated that the agency used approximately \$5.3 million in general OE funds to support a net of about 94 full-time-equivalent positions assigned to perform AC&I-related work. These positions were in addition to the 621 positions funded through the AC&I account. Since the Coast Guard received a specific appropriation for AC&I staffing in fiscal year 1992 and its OE appropriation was limited to purposes "not otherwise provided for," the Coast Guard's use of OE-funded personnel to conduct AC&I activities was improper. Specifically, this use contravened federal law (31 U.S.C. §1301(a)) and was contrary to the general principles governing the use of appropriated funds. The Coast Guard's actions also raise the possibility of an Anti-Deficiency Act violation under 31 U.S.C. §1341 because the agency may not have sufficient funds available in the fiscal year 1992 AC&I personnel account to reimburse the OE account for the improperly charged funds.

The improper use of funds occurred because the Coast Guard did not have adequate policies and procedures to ensure the proper funding of AC&I-related staff positions. Coast Guard officials told us that the agency

had informal guidelines for determining when a position should be funded through the AC&I account but that these guidelines had not been formally promulgated and procedures necessary to ensure that the guidelines were followed were not in place.

Background

The Coast Guard receives almost all of its funding through two appropriated accounts—AC&I and OE. In fiscal year 1992, the Coast Guard received \$390 million in AC&I funding; this sum represented 10.8 percent of its total budget of nearly \$3.6 billion. The Coast Guard receives the bulk of its funding through the OE account. In fiscal year 1992, the Coast Guard received approximately \$2.5 billion—or 68.9 percent of its total budget—in OE funding. The remaining portion of the Coast Guard's budget is found in specific appropriations for such purposes as retirees' pay, reserve training, bridge alteration, and environmental compliance and restoration.

AC&I funding is provided for acquiring, constructing, rebuilding, and improving Coast Guard facilities and equipment, such as shore stations, vessels, and aircraft. The Coast Guard generally uses AC&I funding to purchase or build new items costing more than \$200,000 or to replace more than 75 percent of an existing facility. Since fiscal year 1992, the appropriations act providing for the Coast Guard has specifically identified a portion of AC&I funds to be used for personnel compensation and related expenses. During fiscal year 1992, \$34 million of the total \$390 million in AC&I funds was provided to support AC&I personnel. According to the Coast Guard's fiscal year 1992 budget request, AC&I personnel funds were to be used for salaries, travel, and support for personnel employed in the AC&I program. Persons funded through this appropriation were to contribute to activities such as the planning, design, engineering, contracting, inspection/quality assurance, and administration of AC&I projects.

Under the terms of the appropriations act, OE funds are to be used for Coast Guard operating and maintenance expenses not otherwise funded through a specific appropriation. The Coast Guard generally uses OE funds to pay staff working in its various missions, such as search and rescue, law enforcement, and marine environmental protection; to pay for routine maintenance of existing facilities and equipment; and to make small purchases and repairs that do not meet the AC&I funding threshold.

Coast Guard Improperly Used OE-Funded Staff on AC&I Projects

In fiscal year 1992, the Coast Guard received a specific appropriation to pay for personnel performing AC&I activities, as well as a general appropriation to pay for overall Coast Guard operating and maintenance expenses. However, even though the language of the Coast Guard's OE appropriation and the general principles of appropriations law preclude the use of general appropriations to pay for activities funded with specific appropriations, the Coast Guard used OE funds to support staff performing AC&I-related work during fiscal year 1992. The Coast Guard lacked formal policies and procedures to prevent such a misuse of funds.

Coast Guard Used OE-Funded Staff for AC&I Activities

During fiscal year 1992, the Coast Guard did not follow its own informal guidelines for the use of AC&I-funded staff. On the basis of a review of the staffing and work of 83 percent of the AC&I positions assigned during fiscal year 1992,¹ we estimated that the Coast Guard used a net of 94 OE-funded positions for functions that should have been funded through the AC&I account. Using the Coast Guard's estimate of \$56,300 in direct costs for an average position in fiscal year 1992, we estimated that these positions accounted for about \$5.3 million in direct staff costs. The use of these OE-funded positions for AC&I-related work effectively increased by 15 percent the number of full-time-equivalent positions authorized by the fiscal year 1992 appropriation.

According to Coast Guard headquarters officials, the agency generally uses the following three guidelines to determine which positions should be funded through the AC&I account:

- Each position or billet assigned specifically to an AC&I-funded project should be funded through the AC&I account.
- At units where the staff is responsible for both AC&I and OE-related activities, the percentage of staff funded through the AC&I account should be roughly proportional to the percentage of the facility's work related to AC&I-funded activities. In other words, if 50 percent of a facility's work load is AC&I-funded, then about 50 percent of the staff should be AC&I-funded.
- Each of the top managers of the Office of Acquisition should be funded through OE funds.

Coast Guard officials told us that they believed that their budget request for AC&I staffing funds in fiscal year 1992 reflected their needs as determined by these guidelines. However, when we applied two of these

¹The Coast Guard uses the military term "billet" to describe a position filled by military personnel. In our report, we use the general term "position" to refer to both civilian positions and military billets.

guidelines by unit to 28 units accounting for about 83 percent of the AC&I positions assigned during fiscal year 1992, we found that OE-funded positions had been used for AC&I-related activities and AC&I-funded positions had been used for OE-related activities. (See app. I.)

In our analysis, we did not apply the Coast Guard's third guideline. Coast Guard officials cited several reasons for funding the top officers in the Office of Acquisition (one rear admiral and four captains) with OE funds, including the need for continuity in management and the fact that none of these officers was directly responsible for any one AC&I-funded program. However, because the Coast Guard uses AC&I funds to compensate other officers responsible for more than one AC&I project and because the language of the appropriations act includes no exception based on rank or position, we believe that it is appropriate to include these officers in comparisons between AC&I staffing levels and related work load. Therefore, instead of applying the third guideline on AC&I funding to these officers, we applied the second guideline, including them with the staff assigned to their units when we estimated the appropriate AC&I staffing level for the unit.

Applying the first two guidelines to the data provided by the units that we evaluated, we found the following:

- Fourteen OE-funded staff positions were assigned full time to AC&I-funded projects, and six AC&I-funded positions were assigned full time to OE-funded projects, for a net difference of eight OE-funded positions used on specific AC&I projects. For example, in the Office of Acquisition's Contract Support Division, five OE-funded positions were assigned to specific AC&I-funded projects and one AC&I-funded position was assigned to an OE-funded project, for a net difference of four OE-funded positions working on AC&I-funded projects.
- Of the 17 units that we examined where staff conducted both AC&I- and OE-funded activities, 12 units had a higher proportion of AC&I work than of AC&I staff and 1 unit had a higher proportion of OE work than of OE staff. In total, these units used a net of approximately 86 OE-funded positions for AC&I-funded activities. For example, officials responsible for the Facility Design and Construction Center-Pacific in Seattle, Washington, calculated that 83.4 percent of the funds that the center spent in fiscal year 1992 were from the AC&I account. However, only 40 of the center's 59 staff (67.8 percent) were funded from that account. Had the number of AC&I-funded staff been proportional to the AC&I funding, the center would

have had 49 AC&I-funded positions—9 more than were actually funded by the AC&I appropriation.

Coast Guard officials offered several reasons to explain why some staff performed work unrelated to their own funding source, including the following:

- In some cases, when staff were first assigned to a project or unit, OE-funded activities made up all or a greater portion of the work.
- In some cases, OE-funded staff were added to units because no AC&I-funded staff were available.
- In some cases, the amount of work for a project was too great or too small for the number of staff provided, so staff funded by a different appropriation were used to make up the difference.

According to officials in Coast Guard headquarters, it is the official policy of the Coast Guard that complying with appropriations law is more important than completing the agency's projects and efforts. However, these officials could not document this policy and added that some officers at field locations might believe that the source of funds supporting staff was not as important as the completion of projects and missions. In addition, officials told us that switching the funding source for a position was merely a "paperwork exercise" that had no effect on the individual in the position. Although we agree that changing the funding source of a position has little effect on the work of most individual staff, not changing the funding source of staff to accurately reflect the activities being conducted limits the ability of the Coast Guard to identify the costs of staffing its activities, including its major acquisition projects. Unless it accounts accurately for its staffing costs, the Coast Guard cannot know or accurately report the total costs of its various activities or ensure that it is using its limited resources in compliance with its appropriations acts.

Headquarters officials could not quantify the effect of the Coast Guard's misallocation of staff. However, these officials did confirm that the use of OE-funded staff to support AC&I projects meant that the remaining OE-funded staff had to work harder to complete their OE-funded missions. This use did not, in their view, reflect an unjustified excess of OE-funded staff.

**Coast Guard's Use of
OE-Funded Staff for AC&I
Projects Was Improper**

Section 1301(a) of title 31 of the U.S. Code, the "purpose" statute, requires that "Appropriations . . . be applied only to the objects for which the appropriations were made except as otherwise provided by law." For

determining the proper use of appropriated funds, the primary criterion is the language of the appropriations act itself. The Department of Transportation and Related Agencies Appropriations Act of 1992 (P.L. 102-143) provided a distinct appropriation for the Coast Guard's AC&I activities and related personnel costs. Specifically, the act provided

... for necessary expenses of acquisition, construction, rebuilding, and improvements of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto, \$390,000,000, of which ... \$34,000,000 shall be available for personnel compensation and benefits and related costs

The act also provided a separate OE appropriation of \$2.3 billion for "necessary expenses for the operation and maintenance of the Coast Guard, not otherwise provided for" Use of the phrase "not otherwise provided for" in appropriations language limits the types of activities for which an appropriation may be used. We have interpreted appropriations acts using the phrase "not otherwise provided for" to preclude the use of that particular appropriation for purposes for which other appropriations are provided.² In this case, the Coast Guard's OE appropriation, which provided general funds for activities that were "not otherwise provided for," was not available to staff AC&I-funded activities because the Coast Guard had a separate, specific appropriation for AC&I personnel compensation and benefits. Thus, by using OE-funded positions to conduct AC&I activities, the Coast Guard violated the "purpose" statute.

In addition, it is well established in appropriations law that if an agency has a specific appropriation for a particular item and also has a general appropriation broad enough to cover the same item, it does not have an option as to which to use; it must use the specific appropriation. Were this not the case, agencies could evade or exceed congressionally established spending limits. This principle is based on a long tradition of appropriations law, dating back at least to the 19th century and reflected in numerous decisions of the Comptroller of the Treasury and the Comptroller General.³

On other occasions, when we found a violation of the "purpose" statute, we typically advised the agency to reimburse the improperly charged appropriation from the proper appropriation if sufficient funding was available. If sufficient funding was not available from the proper

²38 Comp. Gen. 193 (1958).

³For some examples, see 1 Comp. Dec. 126 (1894), 5 Comp. Gen. 399 (1925), 36 Comp. Gen. 526 (1957), and 64 Comp. Gen. 138 (1984).

appropriation, we found the excess improperly charged expenditures to be in violation of the Anti-Deficiency Act. If a violation of the Anti-Deficiency Act had occurred, the agency was required to report the violation to the President and the Congress pursuant to 31 U.S.C. §1351 and the Office of Management and Budget's (OMB) Circular A-34.

The evidence available to us suggests that the Coast Guard does not have sufficient funds available in the fiscal year 1992 AC&I personnel account to reimburse the OE account for the improperly charged funds. According to information provided by Coast Guard headquarters officials, of the \$34 million appropriated for AC&I "personnel compensation and benefits" in fiscal year 1992, only \$892,000 remained unobligated as of October 1992, after the end of the fiscal year. This sum would clearly not be large enough to reimburse the OE account for the estimated \$5.3 million spent for OE-funded personnel to carry out AC&I work. If the amount of OE funds used to support AC&I work was greater than the unobligated balance of the AC&I personnel account, the agency violated the Anti-Deficiency Act, and it must report the violation as required by the statute and the OMB circular.

Coast Guard Lacked Adequate Internal Controls to Ensure Compliance With Appropriations Language

The Federal Managers' Financial Integrity Act of 1982, as now codified, requires each executive agency to establish and maintain systems of internal controls, which are a combination of management objectives (policies) and techniques (procedures) used by managers to help ensure that their agencies, programs, or functions are effectively and efficiently managed in conformity with applicable laws and regulations (31 U.S.C. 3512(b)). Generally, effective internal controls help ensure that (1) funds are used and activities are conducted in accordance with laws, regulations, and policies; (2) resources are safeguarded against waste, loss, and misuse; (3) programs and activities are efficiently and effectively carried out; and (4) reliable data are obtained, maintained, and fairly disclosed in reports. In 1983, GAO issued Standards for Internal Controls in the Federal Government to provide specific guidance to federal managers in establishing effective internal control systems.

The Coast Guard has established neither formal policies nor adequate procedures to ensure that AC&I-related staff are funded from the appropriate account. According to Coast Guard officials, although the agency has a formal policy defining when the AC&I appropriation should be used to fund a major acquisition project, it has no formal policy defining when the AC&I appropriation should be used to fund staff positions. Coast Guard headquarters officials told us that the agency's three guidelines on

the proper use of AC&I funding have not been promulgated in any of the Coast Guard's policy guidance on budgeting or administering AC&I staffing funds. In addition, in our review of the Coast Guard's policy guidance and discussions with officials at field units responsible for AC&I-funded staff, we did not identify any written policy on the proper use of AC&I-funded staff.

Besides not having a formal policy, the Coast Guard does not have procedures necessary to ensure that AC&I staffing funds are used properly. According to Coast Guard officials, whenever a position is created or changed, its funding source should be verified as part of its approval by the Chief of Staff or the Chief of the Programs Division in the Chief of Staff's office. However, none of the files we examined contained documentation showing that any official had specifically approved the funding source of a position. In addition, Coast Guard officials told us, no office in the Coast Guard receives periodic reports on the proportion of AC&I-related work being conducted at units where both AC&I-and OE-related activities are conducted, and no procedures exist to periodically reexamine whether an existing position is funded properly. Therefore, since the Coast Guard has neither formal policies nor procedures to ensure that AC&I-funded staff are used according to its guidelines, it cannot ensure that its AC&I-related positions are funded from the proper appropriation.

Conclusions

The Coast Guard improperly used OE-funded staff on its AC&I projects during fiscal year 1992. The agency's use of approximately 94 OE-funded staff positions to support AC&I-funded activities was contrary to the Coast Guard's 1992 appropriations act and the "purpose" statute. In addition, if the Coast Guard does not have enough funds available in its AC&I account to reimburse its OE account for these improper charges, it has violated the Anti-Deficiency Act and is, therefore, required to report the violation to the President and the Congress. The Coast Guard had neither formal policies nor adequate procedures to ensure the proper use of staffing funds. Without accurate information on actual personnel costs, the Coast Guard could not ensure that it was spending appropriated funds as required by its appropriations act, and as a result, it may have used more AC&I staff than the act allowed.

Recommendations

We recommend that the Secretary of Transportation direct the Commandant of the Coast Guard to do the following:

- Develop and promulgate formal policies and procedures to ensure that the Coast Guard's use of appropriated staffing funds is consistent with the agency's annual appropriations acts and with the general principles governing the proper use of all appropriations.
- Use these formal policies and procedures to analyze the Coast Guard's use of staff in order to revise the agency's annual budget request to more accurately reflect the actual need for AC&I-related staff.
- Apply the unobligated fiscal year 1992 AC&I personnel funds to reimburse the OE account for the positions that were funded improperly during fiscal year 1992. If sufficient funds are not available to fully reimburse the OE account, the Secretary should prepare and submit the reports to the President and the Congress on the improperly used funds, as required by the Anti-Deficiency Act and OMB Circular A-34.

Agency Comments

We discussed the facts contained in this report with the Deputy Chief, Office of Engineering, Logistics, and Development, and with other responsible Coast Guard officials. These officials concurred with our interpretation of appropriations law and agreed that the Coast Guard needs to improve its internal controls over the use of AC&I staff. We incorporated specific comments where applicable. However, as requested, we did not obtain written agency comments on a draft of this report.

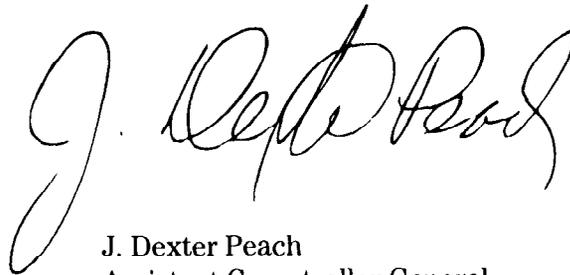
Scope and Methodology

To determine whether the Coast Guard was using its AC&I-related staff properly and consistently, we asked Coast Guard headquarters and field officials to provide us with staffing and work load data on 27 of the 56 units to which AC&I-funded staff were assigned during fiscal year 1992. We also spoke with officials responsible for one unit to which no AC&I-funded staff were assigned because Coast Guard headquarters officials had indicated that this unit had AC&I-related responsibilities. During our review, we met with officials in several offices in Coast Guard headquarters in Washington, D.C., including the Office of the Chief of Staff, the Office of Acquisition, and the Office of Engineering, Logistics, and Development. We also met with officials in field facilities located in Seattle, Washington; New York, New York; Elizabeth City, North Carolina; and Baltimore, Maryland. We used information provided by the units and the Coast Guard's informal guidelines on the use of AC&I funds to estimate the appropriate level of AC&I staff for each unit. (A detailed explanation of the data and methodology used to calculate each estimate appears in app. I.) We conducted our review from June 1992 to April 1993 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies of the report to the Secretary of Transportation; the Commandant, U.S. Coast Guard; the Director, Office of Management and Budget; and other interested parties. We will make copies available to others upon request.

This work was performed under the direction of Kenneth M. Mead, Director, Transportation Issues, who can be reached at (202) 512-2834. Other major contributors to this report are listed in appendix II.

Sincerely yours,



J. Dexter Peach
Assistant Comptroller General

Estimates for Appropriate Acquisition, Construction, and Improvements (AC&I) Staffing Levels

Methodology

To estimate the appropriate level of AC&I staffing, we met or spoke with officials responsible for the administration of 27 of the 56 Coast Guard units to which AC&I-funded staff positions were assigned in fiscal year 1992. These units had between 1 and 68 AC&I staff positions assigned; together, they accounted for 83.4 percent of all AC&I-funded staff assignments in the Coast Guard during fiscal year 1992. The remaining AC&I staff were assigned to units with between 1 and 15 AC&I-funded staff. In addition, we reviewed the work load of the Coast Guard's Finance Center, which, according to Coast Guard headquarters officials, conducted AC&I-related work in fiscal year 1992 but did not have any AC&I-funded staff assigned.

In many cases, the Coast Guard does not keep records of each of its staff's activities. As a result, we were unable to determine exactly how much time its staff spent on AC&I-related activities. However, for each unit we evaluated, we asked the officers in charge to identify whether the unit's AC&I-funded staff were assigned to specific AC&I projects, to support positions assisting several AC&I projects (known as "core" staff), or to both AC&I- and Operating Expenses (OE)-related activities. We then asked the officers to estimate—and, where possible, to provide data to support—the proportion of the individual's or group's work load resulting from AC&I-funded activities. For each position, we applied one of the guidelines that Coast Guard headquarters officials told us should determine the proper level of AC&I-funded staff:

- Each position assigned specifically to an AC&I-funded project should be funded through the AC&I account.
- At units where the staff are responsible for both AC&I- and OE-related activities, the percentage of staff funded through the AC&I account should be roughly proportional to the percentage of the facility's work related to AC&I-funded activities.

As stated in our report, we did not apply the Coast Guard's third guideline—that all top managers within the Office of Acquisition should be funded with OE funds—because we do not agree that such a practice is justified, given the language of the Coast Guard's appropriations act. As a result, we included these five officers with the rest of their staff in calculating the staffing and work load levels of their assigned units. In addition, at facilities or commands to which both project-specific and core AC&I staff were assigned, we applied the appropriate criteria to existing subdivisions of the unit, wherever possible.

**Appendix I
Estimates for Appropriate Acquisition,
Construction, and Improvements (AC&I)
Staffing Levels**

Of the 28 units we evaluated, 10 used AC&I staff according to the Coast Guard's guidelines. Six of these units were associated with AC&I-funded projects and had no OE-funded staff assigned to them—fleet renovation and modernization (FRAM) headquarters staff, buoy tender acquisition headquarters staff, coastal patrol boat acquisition headquarters staff, icebreaker replacement headquarters staff, vessel traffic system headquarters staff, and the motor lifeboat project resident office.¹ At the remaining four units, the difference between the proportion of AC&I-funded staff and the proportion of AC&I-funded work accounted for less than one position. These units were the Office of Acquisition's Technical Support staff and the Office of Engineering, Logistics, and Development's command staff, the Aeronautical Engineering Division, and the Naval Engineering Division.

The remainder of this appendix presents our estimates of the appropriate level of AC&I-funded staff for the units that we examined at which at least one staff position was used to support activities unrelated to its appropriation. Included for each unit is a brief description of its function, of its overall staffing and AC&I-funded staffing during fiscal year 1992, and of our methodology for determining the appropriate level of AC&I-funded staffing. Table I.1 summarizes our findings. When conflicting work load estimates were provided, we included only the lower of the two estimates in the table.

¹The coastal patrol boat staff had one position, a liaison with the Navy, paid by a reimbursable account.

**Appendix I
Estimates for Appropriate Acquisition,
Construction, and Improvements (AC&I)
Staffing Levels**

Table I.1: Coast Guard Units With OE-Funded Staff Working on AC&I Activities, Fiscal Year 1992

Units with project-specific AC&I staff	AC&I work load	AC&I staff	OE-funded staff in AC&I positions
Office of Acquisition, Contract Support, Major Systems Branch	13	9	4
Office of Acquisition, MISLE Project	5	4	1
Office of Acquisition, Information Management Project	0	4	-4 ^a
Office of Acquisition, Selected Major Acquisitions Division	9	8	1
Resident Inspection Office, Seattle, Washington	8	7	1
Supply Center Curtis Bay, Maryland (Project-specific staff only)	13	7	6
Maintenance and Logistics Command-Atlantic, Mackinaw Project	1	2	-1 ^a

Units with core (general) AC&I staff	Percent of staff funded by AC&I	Percent of work funded by AC&I	Total number of staff	Number of AC&I-funded staff	Number of OE-funded positions used for AC&I-related work
Office of Acquisition, Command Staff	33.3%	79.8%	6	2	3
Office of Acquisition, Contract Support (except Major Systems Branch)	26.3%	31.0%	80	21	4
Office of Acquisition, Quality Assurance Division	70.8%	80.0%	24	17	2
Office of Acquisition, Resource Management Division	55.0%	60.0%	20	11	1
Aircraft Repair and Supply Center, Supply Division	2.5%	11.3%	122	3	11
Facility Design and Construction Center-Pacific	67.8%	83.4%	59	40	9
Facility Design and Construction Center-Atlantic	81.6%	94.5%	87	71	11
Supply Center, Brooklyn, New York	7.5%	18.1%	228	17	24
Supply Center, Curtis Bay, Maryland (core staff only)	^b	^b	305	41	8
Office of Engineering, Civil Engineering Division	32.2%	36.0%	87	28	3
Office of Engineering, Logistics Management Division	27.1%	37.0%	59	16	6
Naval Engineering Support Unit, Seattle	9.7%	7.3%	84	9	-2 ^a
Coast Guard Finance Center	0.0%	2.0%	315	0	6

Total estimated OE-funded staff assigned to AC&I-related work	94
Estimated cost of AC&I shortfall (@ average FY 92 FTE cost of \$56,300)	\$5,292,200
Estimated shortfall as a percentage of FY 92 AC&I staff ceiling (621)	15.1%

^aNegative value represents AC&I-funded staff supporting OE-funded activities.

^bCalculated by branch.

**Appendix I
Estimates for Appropriate Acquisition,
Construction, and Improvements (AC&I)
Staffing Levels**

**Office of Acquisition,
Contract Support
Division, Washington,
D.C.**

The Contract Support Division's main responsibility is managing the business aspects of the Coast Guard's procurement contracts. The division serves as contracting officer for both AC&I- and OE-funded projects. Within the division, one branch (Major Systems) is staffed mainly with project-specific staff; the remaining staff assist with several projects. In the Major Systems Branch, we identified five OE-funded staff specifically assigned to AC&I-funded projects and one AC&I-funded staff assigned to an OE-funded project for a net difference of four full-time OE-funded staff doing AC&I-related work during fiscal year 1992. For the rest of the division, officials estimated from records of the number of actions taken by the staff that 31 percent of the division's work in fiscal year 1992 was AC&I-related. Consequently, since about 25 positions (31 percent of 80 total core staff) were AC&I-related and only 21 positions were actually AC&I-funded, about 4 OE-funded positions were used for AC&I-related work.

**Office of Acquisition,
MISLE Project,
Washington, D.C.**

One of several major acquisition projects managed by the Office of Acquisition, the MISLE (Marine Information for Safety and Law Enforcement) Project is an AC&I-funded project that will integrate three separate software systems: the Marine Safety Network, the Vessel Identification and Documentation System, and the Law Enforcement Information System. Although all of the project's funding came from the AC&I account, one of the five staff positions assigned during fiscal year 1992 was funded from the OE account.

**Office of Acquisition,
Information
Management Project,
Washington, D.C.**

The Information Management Project is intended to negotiate a contract for the replacement of the Coast Guard's standard computer workstation terminal. Although it is a major acquisition, its fiscal year 1992 funding was provided through the OE appropriation because it is a continuation of a smaller replacement project. However, four of the five billets assigned to this project in fiscal year 1992 were AC&I-funded, while the fifth was OE-funded. According to officials in the Office of Acquisition, the funding source of the billets was decided before the funding for the project was finalized. As a result, four AC&I-funded positions were used to support an OE-funded project.

**Office of Acquisition,
Selected Major
Acquisitions Division,
Washington, D.C.**

The Selected Major Acquisitions Division was responsible for three aviation-related AC&I projects during fiscal year 1992: the acquisition of medium-range recovery helicopters (HH-60J), the acquisition of helicopters for Operation Bahamas-Turks and Caicos drug interdiction, and the acquisition of a helicopter tie-down system (TALON). Although all of the projects' funding came from the AC&I account, 1 of the 14 staff assigned to the division during fiscal year 1992 was funded from the OE account.

**Resident Inspection
Offices, Seattle,
Washington, and Bath,
Maine**

Resident inspection offices (RIO) are local units created specifically to oversee and inspect contract work on major acquisitions. During fiscal year 1992, the Coast Guard closed its RIOs in Seattle, Washington, and Bath, Maine, which had been responsible for overseeing the AC&I-funded rehabilitation and modernization of its 378-foot high-endurance cutters. Before the closings, according to Coast Guard records, the RIOs had significant levels of OE-funded staff even though the facilities' sole mission was AC&I-related. For example, during October 1991, these two offices had about 79 OE-funded staff positions assigned. According to Coast Guard officials, the OE-funded staff assigned to the RIOs were part of the crews of the ships undergoing renovation who were assigned to assist with the renovation. These officials also stated that they had not thought it necessary to switch the staffs' funding source from the OE to the AC&I account even though they had been doing AC&I-funded work at the RIOs. We found that during fiscal year 1992, one OE-funded staff position was still assigned to the RIO in Seattle.

**Maintenance and
Logistics
Command-Atlantic,
New York, New York**

The Maintenance and Logistics Command-Atlantic (MLC-LANT), Naval Engineering Division is generally responsible for performing major maintenance on vessels east of the Rockies. The division was assigned two AC&I-funded positions in fiscal year 1992 to support AC&I-funded work on the cutter Mackinaw. However, according to division officials, only one of these positions was used for work on the Mackinaw because the work required only one person. The other AC&I-funded position was used to support other OE-funded responsibilities of the division.

**Office of Acquisition,
Command Staff,
Washington, D.C.**

The main role of the Office of Acquisition is to plan and execute the acquisition of the Coast Guard's major systems, such as cutters and aircraft, as well as of acquisitions designated for special monitoring, including communications, information, and logistics support systems. The division's command staff consists of the Office Chief and the Deputy

Chief (two of the five top officers identified by the Coast Guard as requiring OE funding), their two secretaries, and two other staff. By calculating the AC&I-related work load of each of the office's divisions and projects and combining these percentages in a weighted average based on the number of staff assigned, officials in the office estimated that 79.8 percent of the work load of the office—and therefore of the command staff—is AC&I-related. Under the Coast Guard's third guideline governing the proper use of AC&I funds, the Office Chief and the Deputy Chief would be excluded from any comparisons between AC&I work load and staffing. However, because the Coast Guard uses AC&I funds to compensate other officers responsible for more than one AC&I project and because the language of its appropriations act includes no exception based on rank or position, we included these officers with the rest of their staff in our calculations.² As a result, since 79.8 percent of the work of the Office of Acquisition was AC&I-related during fiscal year 1992, we estimated that five of the office's six command staff positions should be AC&I-funded. Since only two of these positions were AC&I-funded in fiscal year 1992, the office used approximately 3 OE positions to support AC&I-related work.

**Office of Acquisition,
Quality Assurance
Division, Washington,
D.C.**

The Quality Assurance Division is responsible for providing technical support for Coast Guard contracting actions. During fiscal year 1992, the division had 24 positions assigned, 17 of which were AC&I-funded. Only two of the division's AC&I-funded staff worked on a single project during the year, and both worked on AC&I projects. Headquarters officials estimated that when the project-specific staff were included in the calculation, 80 percent of the division's work load was AC&I-related. As a result, the division should have had 19 AC&I-funded staff (80 percent of 24 total staff)—2 more than it actually had. Thus, approximately two OE-funded positions were actually working on AC&I-related activities.

**Office of Acquisition,
Resource
Management Division,
Washington, D.C.**

The Resource Management Division is responsible for providing financial management services for the Office of Acquisition. According to the Branch Chief, about 60 percent of the division's work in fiscal year 1992 was AC&I-related. However, only 11 of its 20 staff were AC&I-funded. As a result, about one OE-funded position was used for AC&I-related work. The same official had earlier estimated that 80 percent of the division's work was AC&I-related, for a difference of about five positions. Later, he stated that the lower estimate was the result of a more careful examination of the

²Two of the office's five top officers (the Office Chief and Deputy Chief) are included in the command staff. The others are the Chiefs of the Contract Support, Quality Assurance, and Resource Management Divisions. They are included in the staffing counts for their divisions.

responsibilities of the division even though he was unable to provide any data to substantiate either estimate.

Aircraft Repair and Supply Center, Elizabeth City, North Carolina

The main function of the Aircraft Repair and Supply Center (ARSC) is to provide maintenance and spare parts support for the Coast Guard's aircraft. All of the 40 AC&I-funded positions at this facility in fiscal year 1992 were assigned to specific projects, and, according to facility officials, although individuals sometimes worked on more than one project, the number of staff years used on these projects was roughly equal to the total number of staff assigned. However, facility officials also stated that the facility was responsible for other activities related to AC&I-funded projects for which they did not receive AC&I staff. One ARSC division, the Supply Division, estimated that aside from the projects for which it had AC&I-funded staff, 11.3 percent of the transactions that it processed in fiscal year 1992 were AC&I-related. As a result, approximately 11 of its 119 OE-funded positions were actually AC&I-related. Two other divisions, the command staff and the Management Information Systems Division, were not able to calculate their AC&I-related work loads. The total AC&I staffing shortfall for the facility could, therefore, be even higher than the 11 positions that were estimated for the Supply Division.

Facility Design and Construction Centers, Seattle, Washington, and Norfolk, Virginia

The purpose of Facility Design and Construction Centers (FD&CC) is to oversee the design and construction of large capital improvement projects, such as housing and recreational facilities. The Coast Guard has two such centers—one in Seattle, Washington, which is primarily responsible for facilities west of the Rockies, and one in Norfolk, Virginia, which is primarily responsible for facilities east of the Rockies. Although most of the projects managed by the FD&CCs are AC&I-funded, both centers do some OE-funded work and both have been assigned AC&I-funded core staff. Officials at both FD&CCs agreed that the percentage of expended funds derived from the AC&I account provides the best approximation of the AC&I work load. However, in comparing expenditures to staffing levels, neither FD&CC has a proportional level of AC&I-funded staff. At the Seattle Center, 83 percent of the outlays in fiscal year 1992 were of AC&I funds; therefore, 83 percent of the staff positions—or about 49 out of 59 positions—should have been AC&I funded. However, only 40 of the staff positions were AC&I-funded in fiscal year 1992, leaving a difference of about 9 positions. At the Norfolk Center, officials calculated that about 95 percent of the fiscal year 1992 obligations (data on actual outlays were not available from the facility) were of AC&I funds. This funding level required an AC&I staffing

level of 82; however, only 71 of the staff positions were funded through the AC&I account in fiscal year 1992, resulting in a shortfall of about 11 positions.

**Supply Centers,
Brooklyn, New York,
and Curtis Bay,
Maryland**

The primary mission of the Coast Guard's Supply Centers (SUPCEN) in Brooklyn, New York, and Curtis Bay (Baltimore), Maryland, is to handle items common to most Coast Guard units and to provide warehousing services for projects managed by headquarters units. While these two units existed as separate facilities during 1992, they are being consolidated in Maryland during 1993. The Brooklyn SUPCEN had 2 project-specific staff assigned to an AC&I-funded vessel overhaul project. According to SUPCEN officials, both of the assigned AC&I staff—and no other staff—worked full time on this project. To estimate the AC&I-related work load for the other AC&I-funded positions assigned during 1992, SUPCEN officials determined that about 18 percent of the unit's total work load, as measured by the number of transactions completed, was AC&I-related. According to this measure, about 41 of the 228 staff positions should have been AC&I funded. However, only 17, or about 8 percent, of the unit's staff (not including those assigned to a specific project) were AC&I-funded, resulting in a difference of about 24 positions. Additionally, some SUPCEN officials stated that AC&I-funded transactions sometimes take more effort than OE-funded transactions. Consequently, the actual AC&I staffing shortfall could be even higher.

At the Curtis Bay Center, officials estimated the AC&I-related work load by division. They identified six OE positions assigned full time to AC&I-funded projects. In addition, using work load and staffing data provided by center officials, we calculated that the center's work load justified eight more core AC&I-funded positions than were actually assigned during fiscal year 1992. As a result, a total of about 14 OE-funded positions performed AC&I-related work at the Curtis Bay SUPCEN during fiscal year 1992.

**Office of Engineering,
Logistics, and
Development, Civil
Engineering Division,
Washington, D.C.**

The Civil Engineering Division is responsible for building, maintaining, and repairing all of the Coast Guard's shore facilities and fixed aids to navigation. The division sets civil engineering policy for field units, including the FD&CCs (see above). Using an estimate of the amount of work required for ongoing projects, supervisors within the division estimated that about 36 percent of its work load was AC&I-related. By this measure, about 31 of its 87 staff positions were used for AC&I-related work. However, during fiscal year 1992, only 28 of its staff were AC&I-funded

**Appendix I
Estimates for Appropriate Acquisition,
Construction, and Improvements (AC&I)
Staffing Levels**

(none assigned to a specific project), resulting in a shortfall of about 3 AC&I staff.

**Office of Engineering,
Logistics, and
Development,
Logistics Management
Division, Washington,
D.C.**

The Logistics Management Division is mainly responsible for managing supplies and personal property. During fiscal year 1992, it had 59 staff positions assigned; 7 of these were for specific AC&I projects and 9 were core AC&I staff. According to division officials, all of the project-specific staff spent their time on AC&I projects, although they did not always work solely on the project to which they were assigned. Including the project-specific staff, division officials estimated that 37 percent of the division's work was AC&I-related. As a result, the division should have had 22 AC&I-funded staff (37 percent of 59). Instead, only 16 staff positions were AC&I-funded, resulting in an effective AC&I staffing shortfall of about 6 positions.

**Naval Engineering
Support Unit, Seattle,
Washington**

The Naval Engineering Support Unit (NESU) in Seattle assists the Maintenance and Logistics Command-Pacific in supporting vessels in the Pacific area. The unit provides preventative maintenance assistance, casualty repair work, and cyclic maintenance on Polar Class icebreakers. During fiscal year 1992, NESU used 84 full-time positions, 9 of which were AC&I-funded. Through a review of its staff's work, NESU officials estimated that about 8 percent of NESU's work, and as a result, about seven positions (8 percent of 84) were AC&I-related. Since NESU had nine AC&I-funded positions but only about seven positions' worth of AC&I-related work, about two AC&I-funded positions were used for OE-related work.

**Coast Guard Finance
Center, Chesapeake,
Virginia**

The Coast Guard's Finance Center (FINCEN) is responsible for paying government and commercial bills and maintaining accounting records for the Coast Guard. Although it had no AC&I-funded staff assigned during fiscal year 1992, officials there estimated that about 2 percent of the work load was related to AC&I projects. FINCEN officials, however, could not provide any quantitative data to support this estimate. According to the Coast Guard's criteria governing AC&I staffing levels, 6 of FINCEN's 315 staff positions should have been funded by the AC&I account, given FINCEN's AC&I work load.

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